



Monday, February 28, 2005

CONTACTS

Scott Kinney, Communication Director, DFI
PH 360.902.0517 skinney@dfi.wa.gov

Website: http://dfi.wa.gov/consumers/news_release_page.htm

FOR IMMEDIATE RELEASE:

UNLICENSED PAYDAY LENDER CAUGHT IN LACEY

State issues temporary cease and desist order

OLYMPIA, WA – Expressit, Inc., located in Lacey, was served Thursday afternoon, February 24, with a temporary cease and desist order. The Washington State Department of Financial Institutions (DFI) has reason to believe Expressit, Inc. and its owners, Carl and Elaine Ehresman, violated state law by providing small loans (known as “payday” loans) and check cashing services without a license. Upon further investigation, DFI staff determined that Expressit, Inc.:

- conducted unlicensed loan activity with hundreds of borrowers over several years
- illegally refinanced payday loans with proceeds from other loans
- failed to provide borrowers with written agreements or disclosures
- granted loans and charged fees in excess of the legal maximums

DFI has alleged that Expressit, Inc. “rolled over” or “extended” loans, an illegal practice in Washington. For example, many small payday loans were extended to one borrower ranging from \$600 to \$1,875 since August of 1997. The borrower paid over \$19,500 in interest and still owes \$2,160.75 (including interest) as of February 15, 2005. Other borrowers are in similar situations, paying large amounts of interest for a series of small, extended loans.

According to the company’s files, over 300 consumers had obtained loans since July 2003. At least 164 consumers had outstanding payday loans with principal balances totaling in excess of \$72,000 as of February 15, 2005.

DFI believes consumers have been taken advantage of by Expressit, Inc.’s unlicensed loan activities. The cease and desist order requires the owners immediately to stop making payday loans or engage in any loan business. They must retain and make available to DFI all records of any payday loan or loan activity previously conducted. Expressit, Inc. and its owners are entitled to a hearing to determine whether this order will become permanent.

- more -

Tips for Consumers

What is a payday loan?

A payday loan is a small, unsecured, high interest, short-term cash loan. In most cases, consumers write a post-dated, personal check for the advance amount, plus a fee. The lender holds the check for the loan period and then deposits it, or the customer returns with cash to reclaim the check.

For more information about payday lending, visit DFI's public education pages online at www.dfi.wa.gov or call 1.877 RING DFI.

*** To arrange an interview with Chuck Cross, Director of the Division of Consumer Services, contact Scott Kinney at 360-902-0517.

#